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17 June 1963

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# CENTRAL INTELLIGENCE BULLETIN



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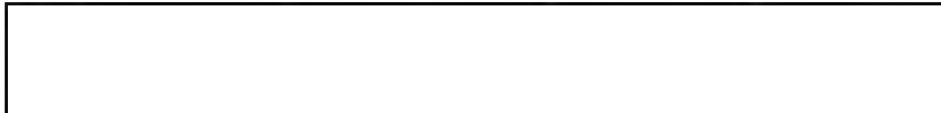
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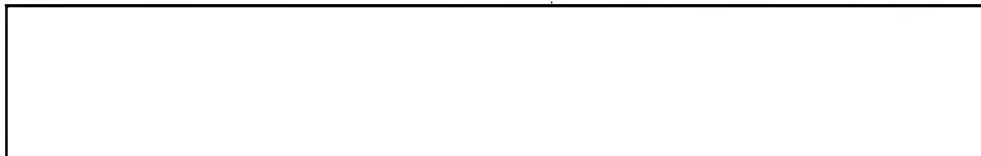
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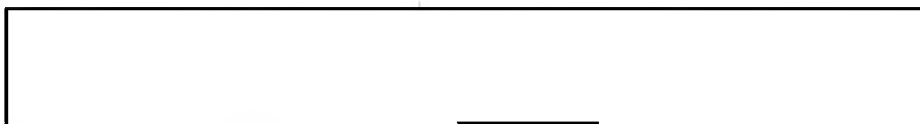
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## CENTRAL INTELLIGENCE BULLETIN

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### DAILY BRIEF

India-USSR: Both the USSR and Czechoslovakia have offered arms to India during the past two weeks.

According to an Indian Foreign Ministry official, both countries implied that a wide range of military equipment could be made available. Moscow specified among other items radars, surface-to-air missiles, and heavy mortars, and also indicated willingness to discuss manufacture in India of rifle ammunition.

New Delhi is "intrigued" by the offer--particularly on the eve of talks between the Russians and the Chinese in Moscow--and intends to send a technical mission to Moscow and Prague in early July, as suggested by the Russians.

The magnitude of this offer and the timing of negotiations reflect a Soviet belief that considerations of relations with China are of less importance than the necessity of preventing the West from becoming the sole supplier of major military items to India.

Indians will read in this Soviet bloc initiative a further vindication of New Delhi's continuing professions of nonalignment. The special effort New Delhi has made to keep Washington informed, despite Moscow's injunction to inform no third parties, suggests Indian concern that procurement of further Western arms might just as easily be jeopardized as stimulated by Indian acceptance of competing Soviet bloc offers.

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**\*Israel:** Ben-Gurion's resignation appears largely the result of his displeasure with growing opposition to his policy of rapprochement with West Germany.

As has happened before, he may have resigned as a means of pressuring his opponents--particularly those in his own party and the cabinet--to accept his policy. The 76-year-old leader's health is considered excellent and it seems unlikely that he is yet ready to retire permanently from public office.

His action, which also involves his resignation from parliament, could result in early elections. However, before that stage is reached Finance Minister Levi Eshkol, number two man in the government and in Ben-Gurion's Mapai labor party, probably will be asked to try and form a new government.

The subject of Israel's relations with West Germany, a highly emotional matter with many Israelis, gained considerable prominence during the recent private visit to Israel of former West German Defense Minister Strauss. Strauss came in response to an invitation from the Israeli defense ministry, a portfolio which Ben-Gurion held in addition to being prime minister. Other members of the cabinet, notably Foreign Minister Meir, reportedly objected to the invitation.

Ben-Gurion's advocacy of close relations with Bonn--at present the relationship does not involve formal diplomatic ties--apparently is predicated on the hope that Israel will be able to obtain military and additional financial aid from West Germany. Ben-Gurion curtailed the recent Israeli campaign against German scientists employed by Egypt for fear that it might antagonize Bonn.

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\*USSR-Satellites: Economic relations between the USSR and the European satellites are apparently becoming increasingly difficult.

In a wide-ranging interview with Krupp representative Beitz on 14 June, Khrushchev stated that popular demand in the satellites for an improved standard of living must be accommodated to some extent. Discussing economic problems with the satellites, Khrushchev admitted that his ambassadors could no longer rule in those countries as they used to. He compared his difficulties with the satellites to those of a father whose sons had grown "too big to spank."

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[redacted] trade relations between the USSR and the satellites are growing worse. [redacted] Rumania has objected to imposition of Soviet commercial advantages in Rumanian-Soviet trade, and that Czechoslovakia, Hungary, and Poland have expressed dissatisfaction with "Soviet foreign trade practices."

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Satellite objections probably result in part from difficulties in working out details of Soviet plans to increase significantly the integration of satellite economic activities, a process which inherently entails some subordination of national interests. However, recent press commentary in Czechoslovakia, Hungary, and Poland has been highly laudatory of economic integration goals, and recent Soviet trade practices with the satellites have not been obviously discriminatory.

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Satisfaction of the satellites' desires for major immediate improvements in their standard of living would require a far more significant change in Soviet policy than would minor modifications in terms of trade and in integration plans.

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Communist China - USSR: The Chinese Communists have again forcefully demonstrated that they are not planning to come to the 5 July meeting with the Soviet Union in a spirit of compromise.

Their belated reply of 14 June to the Soviet Union's 30 March letter is a long, intransigent position paper intended more for the international Communist movement than for Moscow. Published in People's Daily on 17 June, Peiping's letter is being broadcast around the world in installments. The Chinese probably expect that by delaying their reply they have made difficult any Soviet response and thus will have the last public word before the meeting.

The summary of the letter notes that the Chinese have set forth 25 questions of "principle" which they feel should be discussed at the meeting. The partial text now available indicates that the Chinese are maintaining their anti-Soviet positions on the issues in dispute, emphasizing the need for continuous revolutionary pressure, opposing the Soviet interpretation of peaceful coexistence, and refusing to accept Yugoslavia as a socialist nation while insisting that Albania is still a member of the socialist camp in good standing.

The letter, by implication, accuses the Soviet Union of following Yugoslavia's revisionist policies, and condemns the USSR for aiding India in its "attack on a fraternal socialist country." The Chinese warn that anybody who follows and defends the "erroneous obstinate line" pursued by Moscow is also falling into revisionist error and will be attacked by Peiping.

Although the Chinese claim in the letter to be interested in maintaining the "unity" of the Communist world, they more honestly stated their position in a People's Daily attack on Tito on 14 June when they baldly said that the dispute between themselves and the revisionists was "irreconcilable."

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Brazil: The new cabinet appointments made by President Goulart on 14 June are probably the beginning of a general cabinet reorganization to continue the leftward evolution of the government.

The President's selection of pro-Goulart General Jair Ribeiro to replace anti-Communist Amaury Kruel in the key post of war minister may intensify revolutionary plotting among the military. It seems unlikely, however, that a centrist-rightist military coup attempt will be made unless Kruel agrees to lend his support to the effort.

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It is likely that a second stage of Goulart's cabinet shuffle will result in the dropping of Finance Minister Dantas and Commerce Minister Balbine, both of whom have been severely attacked by Leonel Brizola, leftist federal deputy and Goulart's brother-in-law.

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USSR-Iraq--Kurds: The 15 June TASS statement supporting the "just demands" of the Kurds for autonomy within the Iraqi state is by far the most vicious attack on the Baath government that Moscow has issued.

Ostensibly a defense of Kurdish rights, this declaration is in fact an effort to warn the Iraqi Baath of Moscow's serious concern at the policies it has followed since the overthrow of Qasim. Despite this concern, however, there is no evidence yet of any Soviet decision to reduce the USSR's economic or military aid programs in Iraq.

Charging the Iraqi Government with "Hitlerite" treachery, the use of "fascist SS detachments," and genocide, the TASS statement asserts that Baghdad's Kurdish policy is a violation of the UN charter and a matter of concern to all nations. Demonstrating where the USSR's concern lies, the statement asserts that the policies of the Baath government could lead to a return of Western predominance in Iraq, which could then be used as a springboard "against the security of the Soviet state."

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NOTES

Japan: Proposed visits to Japanese ports by nuclear-powered submarines of the Nautilus type are proving a more difficult political issue than Prime Minister Ikeda had anticipated. Sharp questioning of the foreign minister by the left-wing opposition in the Diet has been backed up by protest rallies in Tokyo and several key seaports. The Ikeda government has been embarrassed by the parliamentary attack and its inability to provide detailed answers to all queries regarding the safety of nuclear submarines.

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South Korea: A very poor South Korean barley crop--possibly 50 percent below average--has raised the possibility of food riots in the coming weeks. Such disturbances would further aggravate the unstable political situation and reduce the prospects for a peaceful transition to representative government later this year. The military regime was counting on a bumper barley crop to help compensate for last year's poor rice harvest.

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India: The resignation of Oil Minister Malaviya, following several investigations of corruption charges against him, reduces still further leftist influence within the Indian cabinet. A long-time colleague of Nehru's and a leading advocate of Soviet bloc economic assistance, Malaviya was Krishna Menon's last strong supporter in the cabinet. [Nehru had strongly resisted demands for Malaviya's ouster, mainly because he saw in them a continuation of the pressures from right-wing elements which forced him to drop Krishna Menon last fall and which continue to snipe at his own leadership.]

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The Special Assistant for National Security Affairs

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The Under Secretary of State

The Under Secretary of State for Political Affairs

The Deputy Under Secretary of State for Political Affairs

The Counselor and Chairman of the Policy Planning Council

The Director of Intelligence and Research

The Treasury Department

The Secretary of the Treasury

The Under Secretary of the Treasury

The Department of Defense

The Secretary of Defense

The Deputy Secretary of Defense

The Secretary of the Army

The Secretary of the Navy

The Secretary of the Air Force

The Assistant Secretary of Defense (International Security Affairs)

The Assistant Secretary of Defense

The Chairman, The Joint Chiefs of Staff

Chief of Naval Operations, United States Navy

Chief of Staff, United States Air Force

Chief of Staff, United States Army

Commandant, United States Marine Corps

U.S. Rep., Military Committee and Standing Group, NATO

Supreme Allied Commander, Europe

Commander in Chief, Pacific

Commander in Chief, Atlantic

The Director, Defense Intelligence Agency

The Director, The Joint Staff

The Director for Intelligence, The Joint Staff

The Assistant Chief of Staff for Intelligence, Department of Army

The Director of Naval Intelligence, Department of Navy

The Assistant Chief of Staff, Intelligence, Department of the Air Force

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